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Protective services pay plan.

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State Personnel Division

Department of Administration, State of Montana
Report to the 56th Legislature

November 1, 1998

Protective Services Pay Plan

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➤ History of Senate Bill No. 269:

The 55th Legislature authorized the study of a protective services pay plan.

The 55th Legislature directed the Department of Administration, through Senate Bill No. 269, to study a pay schedule for protective services professionals employed by the State of Montana. The legislation originated within the Department of Justice as an effort to increase employee pay in the Highway Patrol Division. The Highway Patrol sought to reduce employee turnover, specifically, a growing trend of trained Highway Patrol staff leaving their jobs for higher-paying city and county law enforcement jobs in Montana. Through the legislative process, Senate Bill No. 269 evolved into the directive for a "study" of a separate pay plan for the Highway Patrol and for other protective service agencies and occupations.

Senate Bill No. 269 provided that:

> The study shall occur in cooperation with the Department of Justice, the Department of Transportation, the Department of Corrections, and certain other state agencies. The Department of Administration is authorized to develop draft legislation for review by the 56th Legislature for implementation of a protective services pay plan. Insofar as the pay schedule applies to employees of a collective bargaining unit, its implementation is a negotiable subject under the Montana Collective Bargaining Act.

"Protective services professional" means:

- A highway patrol officer as defined in 61-1-305, MCA, except the chief, as defined in 61-1-302, MCA.

- An agent appointed by the Attorney General to conduct criminal investigations and perform related duties within the Department of Justice, or an agent otherwise described in 44-2-111, MCA.

- A person authorized by the Department of Transportation or the Department of Justice to conduct an inspection pursuant to 61-9-501, MCA.

- A person whose primary work function is to supervise or otherwise guard persons incarcerated in a component of the department of corrections described in 53-1-202(2), MCA, including: Montana state prison; the Montana women's correctional system; community based programs for placement, supervision and rehabilitation of adult felons in pre-release centers, under intensive supervision, under parole or probation or in other appropriate programs; and the forensic unit at Warm Springs.

- A person in an occupation identified by the department as similar to those above.

This act was effective July 1, 1997. By November 1, 1998, the Department of Administration must submit to the 56th Legislature a report on the results of the study. The report may contain proposed legislation to implement the pay schedule.

Parallel and simultaneous to the passage of Senate Bill No. 269 was the 55th Legislature's approval of House Bill No. 13 -- legislation authorizing state agencies to explore alternative job classification and pay methods to better meet the needs of individual agencies and occupations. House Bill No. 13, covering a broad range of agencies not limited to protective services, was intended to accommodate the various types of pay needs expressed by protective services agencies. These needs include market competitive pay levels and a means for rewarding individual employee work contributions.

House Bill No. 13 provided that:

> The Department of Administration shall develop an alternative classification and pay system that is consistent with the market-based approach to pay administration but that emphasizes individual skills, competencies, and contributions. The compensation system must provide for the means of identifying the requisite skills and competencies necessary for the state and its separate departments and agencies to provide service excellence to Montana's citizens. The department shall develop the alternative system in consultation with employee representatives. The department shall test the effectiveness of the program through the implementation of pilot projects. Insofar as a pilot project applies to employees of a collective bargaining unit, its implementation is a negotiable subject under the Montana Collective Bargaining Act. The department shall present a proposal for an alternative system to the 56th legislature.

➤ Agency response to Senate Bill No. 269:

The Department of Administration examined the various needs of agencies covered by the legislation. The Department of Administration identified the needs of protective service agencies covered by Senate Bill No. 269 as high priorities within the charge of House Bill No. 13 -- the creation of an alternative classification and pay system to better serve state agencies.

The executive branch agencies and occupations explicitly identified in Senate Bill No. 269 were: the Department of Justice (patrol staff and criminal justice investigators); the Department of Transportation (motor carrier services staff); and the Department of Corrections (probation/parole officers and correctional officers). Other executive branch agencies and occupations implicitly covered by Senate Bill No. 269, as interpreted by the Department of Administration, but not specifically identified in the bill were: the Department of Fish, Wildlife and Parks (game wardens); and the Department of Livestock (investigators). Also, outside the executive branch but within the University System, the job of campus police could arguably be a covered occupation.

The Department of Administration made efforts to determine the needs and desires of covered agencies with respect to their protective services occupations and the directives of Senate Bill No. 269. The feedback was as diverse as the several different agencies and occupations covered by Senate Bill No. 269. The Department of Administration arranged individual and group discussions involving a number of parties affected by the legislation.

Participants in the Senate Bill No. 269 discussions and meetings included:

- Managers and human resources staff from the covered protective services agencies;
- Non-management employees in the covered occupations, primarily in the Highway Patrol Division;
- Union representatives for the covered occupations, and;
- Other interested parties or stakeholders, including budget and fiscal staff from executive and legislative offices.

The affected parties envisioned a spectrum of options for the structure of a protective services pay plan. Options ranged from a strong degree of Department of Administration central control (in which the Department of Administration would establish and dictate wages for all covered occupations across agency lines) to a strong degree of agency-level authority and flexibility (in which each covered department could identify and evaluate pay needs and address them appropriately at the individual agency level). The option for customized solutions and greater pay authority at the individual agency level was the prevailing desire and need, rather than a centralized wage scale dictated by the Department of Administration to all protective services agencies. There were numerous reasons for this. The most common and perhaps most compelling was that even though the covered agencies and occupations have something in common by virtue of their protective services status, they also have diverse pay needs that would be difficult to serve in a "one-size-fits-all" protective services pay plan.

Some protective services agencies identify pay needs for certain law enforcement occupations that are "market-based" -- pay levels for state jobs lag substantially behind pay levels for comparable jobs with Montana's city and county governments. Other agencies identify pay problems that are "situational" -- pay levels for state jobs, while maybe competitive in terms of the "market," don't adequately address unique or demanding conditions of the state job.

Two agencies covered by Senate Bill No. 269 were reluctant to pursue a single centralized pay plan for multiple agencies and occupations because of the lack of a common basis by which to adjust pay between different protective service agencies and occupations. Two other agencies were reluctant to pursue a statewide law enforcement pay schedule because of internal pay relationships within the agency. They had reservations about treating their law enforcement employees substantially different than their other employees who were not covered by Senate Bill No. 269. As a result of these differences among the agencies and occupations identified in Senate Bill No. 269, the substantial need for pay flexibility and customization at the agency level grew readily apparent.

➤ Issues and considerations:

A. What pay needs can be addressed in a flexible protective services pay plan which offers agencies several options and approaches?

B. What level of control and consistency is desirable and attainable?

A. Pay needs

Protective services agencies and occupations, like all other agencies and occupations in state government, have a variety of pay concerns and needs. The pay needs can be summarized as market-based, situational-based, and competency-based. Solutions to address these needs are proposed in the "recommendations" section of this report, which follows on page 10.

A 1998 survey of state employee compensation and benefits, commissioned by the Department of Administration and conducted by a consulting firm, shows the average pay for state government jobs to be 15 percent below the average pay for similar jobs in Montana's private sector and local government sector. State government agencies lose employees to higher-paying employers in Montana. The turnover hinders the ability of state agencies to continue maintaining high-quality public services. This problem represents a market-based pay need.

The directives of Senate Bill No. 269 and House Bill No. 13 offer means to address identified problems in a particular area of public service and a particular line of work -- law enforcement. The Department of Justice experienced a recent rise in employee turnover in some work areas and commissioned its own survey comparing state government wages to city and county government wages. The survey found that pay levels in the Highway Patrol Division were 10 to 15 percent behind pay levels in Montana's local government law enforcement agencies. In a separate survey of contiguous states, the Department of Administration found the average annual pay for Montana patrol officers classified at Grade 13 in state government's job classification system to be about $6,300 per year below the average annual pay for state patrol officers in North Dakota, South Dakota, Wyoming and Idaho.

Not all jobs in state government, or even in the protective service occupations, have *market-based* pay problems. Some state government jobs, especially those in the lower range of the 25-grade job classification system, are competitive in terms of wages with the private sector and local governments. While the original pay concern of the Department of Justice and the Highway Patrol was market-based, there are additional concerns as well. Agencies identify other problems in state government's pay and classification system that hinder their ability to fully achieve organizational goals, objectives and mission. These problems include the absence of a pay mechanism whereby agencies could compensate employees extra for particularly demanding tasks or conditions unique to a particular law enforcement job -- a *situational* pay component. These problems also include the absence of a pay component contingent upon the degree to which employees demonstrate key

competencies -- critical and vital knowledge, skills, abilities and behaviors necessary for organizational success. These problems also include the near universal agreement among managers, employees and human resource practitioners that the current job classification system requires too much time, hassle, paperwork and bureaucracy. A growing consensus among all state agencies, not just the protective services agencies, seems to be that the traditional pay and classification system contains many hurdles and impediments standing between state agencies and maximum performance.

B. Control and consistency

The study of a protective services pay plan assumes that any alternative pay system or classification system must comply with statutory obligations for equity and comparable worth for jobs within state government. The study also assumes that agencies must operate within budget parameters established by the Legislature. These issues of control and consistency are addressed and described in more detail in the "recommendations" section of this report, which follows on page 10.

➤ Recommendations:

Agencies covered by Senate Bill No. 269 should have an alternative classification and pay plan available to them which:

(1) Offers pay components that recognize unique needs of law enforcement work;
(2) Broadens current pay ranges to create more pay flexibility and less position classification-related bureaucracy, and;
(3) Retains pay equity, comparable worth, and legislative control over total funding.

The Department of Administration recommends an alternative classification and pay plan for use by protective services agencies to help them remain competitive and responsive amid fast-changing public demands on their business operations. The alternative classification and pay plan would simultaneously address individual pay needs of Senate Bill No. 269 agencies and retain consistency and compliance within state government's overall human resource system framework. The alternative plan would also be available for other occupations on a demonstration project basis. The choice of whether to pursue any or some of the new pay components rests with individual agencies, depending on their needs and priorities. The alternative system would be available beginning July 1, 1999. Insofar as any pay changes apply to employees of a collective bargaining unit, implementation is a negotiable subject under the Montana Collective Bargaining Act.

The department envisions the alternative system working within a "broadband" framework to be phased in gradually across state government. The concept of broadbanding represents a shift toward fewer pay levels with broader pay ranges at each level. State government's traditional 25-grade classification and pay system could be consolidated to just nine levels or grades, each new level having a wider pay range than a traditional pay grade. The approach could better serve state agencies that need greater emphasis on job market comparisons in pay decisions. Also, agencies that want to recognize unique working conditions or key employee competencies would have new opportunities under the new plan. This approach would streamline classification decisions by reducing the current seven-factor method of evaluating jobs for classification purposes to one factor -- a combination of the current complexity and knowledge factors. Jobs would still be assigned to pay levels based on classification, but the streamlined process would reduce time, paper work and other administrative burden spent on classification decisions.

A broadband framework and simplified classification system, combined with new pay options described below, could generate better ways of recruiting, retaining and rewarding state employees:

- **Market Adjustment**
  Market adjustments could be made by occupation and could consider specific recruitment and retention issues. Agencies would have greater flexibility, and individual authority, to assign greater pay to specific jobs based on their market value.

- **Situational Pay**
  Agencies would have greater authority and flexibility to consider occupationally specific conditions in setting pay, for example, unusual work demands, difficult or hazardous conditions and locations, specialized work situations, etc.

- **Competency Pay**
  Agencies would have authority to recognize individual employee competencies in pay decisions. Competencies are sets of knowledge, skills, abilities and behavior that result in successful performance and public service. As with market and situational pay, the implementation of competency pay would be subject to negotiations insofar as it applies to employees of a collective bargaining unit.

The Department of Administration recommends that each covered agency have significant flexibility and authority on whether and how to make pay adjustments, give that different agencies articulate different needs. The plan would accommodate the transition from the traditional classification structure into a more flexible structure with fewer pay grades and broader pay ranges. The broader minimum-to-maximum pay ranges would retain firm entry levels and maximum levels, determined by position classification as a cost control and a means for ensuring equity and comparable worth within the pay structure. Under any system, current or future, the amount of money available to spend on wages is determined by the Legislature.

As of November 1, 1998, the Department of Administration anticipates that the Department of Justice will present an appropriations request to the 56th Legislature to fund market-based pay increases for certain law enforcement occupations in that

agency. Additional information is available upon request, including data from the salary surveys mentioned in this report. Also, the statewide pay plan bill will propose statutory language renewing the current legislative authorization of an alternative classification and pay system.

For more information on the subject matter addressed in this report, please contact the State Personnel Division, Department of Administration, at 444-3871. The division's mailing address is RM 130, Mitchell Building, PO Box 200127, Helena MT, 59620-0127. E-mail contacts may be directed to "kmcrae@STATE.MT.US" if desired. The FAX number for the State Personnel Division is (406) 444-0544.

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